DOCUMENT RESUME

ED 116 837 RC 008 907

TITLE	Coordination Needed in the Award of Financial Aid to Indian Students. Report to the Senate Committee on Interior and Insular Affairs by the Comptroller General of the United States, September 8, 1975.
INSTITUTION	Comptroller General of the U.S., Washington, D.C.
SPONS AGENCY	Congress of the U.S., Washington, D.C. Senate Committee on Interior and Insular Affairs.
PUB DATE	8 Sep 75
NOTE	18p.
EDRS PRICE	MF-$0.76 HC-$1.58 Plus Postage
DESCRIPTORS	Agency Role; *American Indians; *College Students; Educational Finance; *Federal Aid; Grants; Higher Education; *Interagency Coordination; Policy; *Scholarships
IDENTIFIERS	BIA; *Bureau of Indian Affairs; OE; Office of Education

ABSTRACT

In order to determine the policies and procedures for developing American Indian students' financial aid packages, records and officials were surveyed from the Office of Education (OE), the Bureau of Indian Affairs' (BIA) Indian Education Resources Center, 4 Department of Health, Education, and Welfare regional offices; 6 BIA area offices, 5 State financial associations, and 3 institutions of higher learning (this included 129 randomly selected Indian and 102 non-Indian student aid packages for fiscal year 1974-75). BIA data indicated that for 1973 about 13,600 Indian students had received BIA grants and 64 colleges and universities had enrolled 25 or more Indian students with BIA grants. Findings indicated that the OE and BIA philosophies of awarding financial aid to Indians conflicted, for the BIA's operation manual stipulated that scholarship funds should be supplemental, while OE regulations did not require aid officers to disregard available BIA scholarships when determining student financial needs. Other actions which reduced OE assistance were: (1) BIA educational specialists who disregarded the supplementary philosophy; (2) late applications from Indian students; (3) the use of BIA grant funds to supplant loans and work-study funds. It was recommended that the BIA make its policy well known and take action to see that Indian students make applications on time. (JC)

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REPORT TO THE SENATE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

BY THE COMPTROLLER GENERAL OF THE UNITED STATES

Coordination Needed In The Award Of Financial Aid To Indian Students

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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Bureau of Indian Affairs
Department of the Interior
Office of Education
Department of Health, Education, and Welfare

ED116837
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MWD-76-14 2 SEPT. 8,1975

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-114868

The Honorable Henry M. Jackson
Chairman, Committee on Interior
and Insular Affairs
United States Senate

Dear Mr. Chairman:

On July 19, 1974, you requested that we review educational assistance programs administered by the Office of Education, Department of Health, Education, and Welfare, to determine the extent to which Indian students have been denied or have received reduced amounts of Office of Education higher education financial assistance because of their eligibility for educational grants from the Bureau of Indian Affairs, Department of the Interior.

We obtained preliminary information at several locations; however, because of inadequate data at these locations we could not determine the extent of denial or reduction. Therefore, we agreed with your office that we would inquire into Office of Education and Bureau philosophies, policies, and procedures for awarding financial assistance to Indian students to find out whether the possibility of denials or reductions existed. We agreed that our work would include the Office of Education's three institution-based student assistance programs--College Work Study (work-study), National Direct Student Loan (direct loan), and Supplementary Educational Opportunity Grant (supplemental grant)--and the Bureau's higher education scholarship grants program.

The three Office of Education programs are administered by the Office's Division of Student Support and Special Programs in Washington, D.C.; program officers in each of the Department of Health, Education, and Welfare's 10 regional offices handle day-to-day operations. Educational institutions' financial aid officers (aid officers) distribute funds under the three programs generally using a combination of two or more types of aid to meet a student's total need. This combination is referred to as a financial aid package and may consist of aid from various Federal and State programs and private and institutional scholarships, loans, and grants.

The distribution of Office of Education institution-based funds is governed by statutes and regulations giving aid officers broad discretion in determining students' needs and eligibility for financial assistance, and developing financial aid packages. Aid officers are also responsible for informing the students of the amount of aid available. The student may accept or reject any or all of the aid

offered. Appendix I describes the three Office of Education programs and the mechanics of financial aid in greater detail.

Students may also apply for Office of Education financial aid under the Basic Educational Opportunity Grant and the Guaranteed Student Loan programs. The Basic Opportunity Grant Program is intended to give eligible students a financial aid base to which other financial assistance is added to meet their financial needs. Eligibility is based primarily on uniformly applied financial need criteria developed by the Office of Education. Under the Guaranteed Student Loan program students obtain long-term loans directly from banks or certain other lenders. The loans are insured by the Federal Government or a State or private nonprofit guaranty agency. We did not review these two programs, because aid officers do not determine the amount of financial assistance provided to students.

Bureau grants are available to Indian students who (1) are one-fourth or more degree Indian, (2) are members of a federally recognized tribe, (3) are enrolled or accepted for enrollment in an accredited college or university, and (4) need financial assistance. Headquarters operations for the Bureau's scholarship grant program are conducted at the Bureau's Indian Education Resources Center in Albuquerque, New Mexico. Educational specialists in the Bureau's 11 area offices determine Indian students' eligibility for the program and the amount of assistance. The Bureau has also contracted with certain tribes to perform the educational specialist's function.

SCOPE

To determine the policies and procedures for developing Indian students' financial aid packages, we interviewed officials and reviewed records at the Office of Education headquarters in Washington, D.C.; the Bureau's Indian Education Resources Center; four Department of Health, Education, and Welfare regional offices; six Bureau area offices; five State financial aid associations; and three institutions of higher education enrolling large numbers of Indian students.

Bureau data available at the time of our review showed that for fiscal year 1973 about 13,600 Indian students had received Bureau grants; about 7,700 of these received grants from the six Bureau offices visited.

Bureau statistics also showed that in fiscal year 1973, 64 colleges and universities enrolled 25 or more Indian students that received Bureau grants. Of these, 8 schools enrolled 200 or more Indian students. We visited 3 of these 8 schools and randomly selected and reviewed a total of 129 Indian and 102 non-Indian student aid packages for school year 1974-75.

We also obtained Indian students' comments on the financial assistance they recieved.

OBSERVATIONS

Our work at the three higher education institutions did not disclose any instances of aid officers denying Indian students an opportunity to apply for Office of Education institution-based funds. However, some Indian students received reduced amounts or no aid because of their eligibility for Bureau grants. This has happened, in part, because some aid officers followed the Office of Education philosophy that Bureau funds are considered as a resource when developing Indian students' financial aid packages. However, the Bureau has viewed its funds as supplementary, that is, to be awarded only after all other resources have been exhausted. Other actions by Bureau officials and the Indian students themselves also resulted in reduced amounts of Office of Education assistance.

Office of Education and Bureau philosophies of awarding financial aid conflict

The Bureau's operations manual stipulates that its scholarship grant funds are to be supplemental to other sources of higher education financing. Personal resources, Office of Education aid, State assistance, and tribal funds are to be used first, then Bureau funds are to meet any further need.

The supplementary concept results from the granting of citizenship to Indians in 1924 and from the special relationship between Indians and the Federal Government based primarily on treaties and agreements, whereby Indian tribes have surrendered vast tracts of land to the Government. In return, the Government agreed to provide community services, such as health, education, and public safety. Therefore, Indian students may receive higher education financial assistance from both the Office of Education and the Bureau.

In January 1975 the Secretary of Health, Education, and Welfare recognized the dual rights of Indians to health and medical services and issued a policy statement designed to prevent discrimination against Native Americans. Under the new policy no recipient of Federal financial assistance may refuse health services to Native Americans on the grounds that Indian health services are available.

In a May 1974 policy paper the Department of Health, Education, and Welfare's Office for Civil Rights held that (1) it is a violation of the Civil Rights Act of 1964 to use the

Bureau's financial assistance except as supplementary to other resources available to Indians, (2) Bureau benefits are received as a consequence of tribal membership, a status closely analogous to dual citizenship, and (3) the Government's policy has been to treat benefits that Indians derive from tribal membership as separate and additional to the rights they receive as citizens. The Office for Civil Rights concluded that the Office of Education's guidelines and regulations allow aid officers to consider Bureau grants like any other student aid available to an Indian, thereby reducing the Indian students' need for Office of Education assistance.

Neither statutes nor Office of Education regulations require aid officers to disregard available Bureau scholarship grants when determining an Indian student's financial need. In fact, statutes governing work-study funds stipulate that grant assistance from any public or private source should be considered in determining financial need. Office of Education institution-based assistance can, therefore, be regarded as supplemental to any student resources, including Bureau assistance.

Aid officers at the three schools visited generally considered Bureau grants as a source for meeting Indian students' needs when developing financial aid packages. Department of Health, Education, and Welfare regional officials, Bureau area office officials, and representatives of State financial aid associations said this practice is generally followed. However, we noted some exceptions.

In one State we visited, the financial aid officers organization passed a resolution in May 1974 adopting the philosophy that in their State, Bureau funds are to be considered as supplemental funds. This resolution was adopted too late to be widely applied for the 1974-75 school year, but the president of the organization said two schools were following it.

One Department of Health, Education, and Welfare regional office had not taken a position as to whether Bureau grants should be considered a resource or a supplement. A regional office official stated that the office was not concerned with the approach taken in developing financial aid packages but rather that a student's need was met and an overaward of aid did not occur.

Many officials at the locations visited believed that the Office of Education and the Bureau had done little to clarify the supplementary nature of the Bureau grant program. They stated that (1) neither agency had issued adequate

guidance for developing Indian students' financial aid packages, (2) the Office of Education has performed only limited monitoring of financial aid programs, and (3) the Bureau provided little training for its educational specialists.

In March 1975, in an attempt to resolve the issue, the Office of Education proposed regulations requiring that Bureau grants be considered as supplemental to all other forms of aid. The introduction to the proposed regulations stated that in the absence of Office of Education regulations the practices of educational institutions have apparently been inconsistent and in some cases the intent of the Bureau program has not been carried out. These proposed regulations and their potential effect are discussed in greater detail on pages 9 to 11.

Other actions reduced Office of Education assistance to Indian students

Other actions also reduced the amount of assistance that Indian students received, as follows.

--Some Bureau educational specialists acted contrary to the supplementary philosophy and included Bureau funds for use in developing Indian students' financial aid packages.

--Indian students submitted financial aid applications after Office of Education institution-based funds had been exhausted.

--Bureau area educational specialists and Indian students preferred supplemental grants to direct loans or work-study. As a result, Bureau funds were substituted for Office of Education funds initially included in Indian students' financial aid packages.

Bureau educational specialists have not considered Bureau funds as supplementary

The Bureau's operations manual requires educational specialists to maintain close contact with colleges, universities, and tribal groups to assist Indian students who are seeking other financial aid. However, some educational specialists were committing Bureau funds at the time aid officers were developing Indian students' financial aid packages. This is contrary to Bureau policy which requires the use of other resources before Bureau funds are committed.

For example, at one university the aid officer and the Bureau's educational specialist were working together to

develop financial aid packages. They agreed that Office of Education institution-based funds and Bureau funds would each meet 50 percent of the Indian students' need. (The 50-50 sharing was used as a starting point in developing aid packages; the final percentage of Office of Education institution-based and Bureau funds changed because in some cases Bureau funds replaced direct loans and work-study funds. See p. 8.) The Bureau's educational specialist said he was trying to help as many Indian students as possible and previously Bureau funds were used, to the extent available, to meet the total needs of Indian students. He is now able to assist all Indian students who wish to attend school and has similar sharing arrangements with schools in 30 States.

In another instance Bureau and tribal educational specialists have allowed an aid officer to commit funds for individual Indian students. Although the aid officer can only recommend the amounts of Bureau and tribal funds to be used, his recommendations are usually met or exceeded.

One Bureau area office we visited, which had contracts with three tribal groups, did not provide any specific guidance for operating the grant program, although an official said technical assistance was available if needed. The main objective of the contractual arrangement was to let the tribal groups handle their own programs.

Representatives from the three tribal groups informed us that they were dissatisfied with Indian students' financial aid packages, either because some aid officers would not commit funds for Indian students eligible for Bureau funding or because Indian students had previously received too much direct loan and work-study assistance from aid officers. The director of the scholarship program for one of the tribal groups informed us that of the 600 Indian students receiving Bureau funds, only about 25 percent applied for Office of Education assistance.

Indian tribes administering the Bureau's scholarship program may fully fund Indian students or not refer them to aid officers if they are unaware of Office of Education financial assistance or are uninformed about how Bureau funds are to be applied. Contracting with Indian tribal groups might become more widespread because of the passage, on January 4, 1975, of the Indian Self-Determination and Education Assistance Act (Public Law 93-638). This legislation authorizes the Secretary of the Interior to contract directly with Indian tribes to operate Federal programs if they request such action and are able to administer and manage the programs.

Indian students have been late in filing applications

Aid officers generally establish filing deadlines for financial aid applications. A common deadline is April 1 for the school year beginning in September. It is a student's responsibility to submit an application to the aid officer by the deadline. According to officials at all locations we visited, Indian students are often late in submitting their financial aid applications, because they

--frequently delay deciding to attend college until just before the beginning of the school year,

--receive poor high school counseling about how to apply for financial aid, and

--must fill out a number of applications, many of which are complicated and confusing.

These officials also told us that applying late for financial aid poses a serious problem because the Office of Education institution-based funds are either almost or completely exhausted before the applications are received. At the three schools visited we reviewed a total of 129 Indian students' financial aid packages. Of these, 71 students had submitted their applications an average of 79 days after the deadlines.

The Indian students we interviewed told us that they generally prefer Office of Education supplemental grant funds to work-study and direct loans and some said they would reject these latter types of aid.

Indian students who submit late applications greatly reduce their chances of obtaining Office of Education supplemental grants. Supplemental grants are usually the first of the institution-based funds to be exhausted because of the small amounts received by educational institutions. One school we visited received Office of Education supplemental grant funds of $275,000 compared to $600,000 for work-study and $1,000,000 for direct loans. Indian students had about the same percentage of their total needs met with these supplemental grant funds as non-Indian students at this school.

Another school was initially authorized $360,000 in supplemental grant funds from the Office of Education for the school year but actually received only $121,000. The

school's aid officer stated that because of this reduced amount and the submission of late applications most of the Indian students did not receive an Office of Education supplemental grant. Our review of 44 Indian students' aid packages at this university disclosed that no student received a supplemental grant.

Bureau grant funds used to supplant loans and work-study funds

Bureau educational specialists have used Bureau funds to replace Office of Education direct loan and work-study funds initially included in Indian students' financial aid packages. Two Bureau educational specialists told us that they replace about 15 and 10 percent respectively of proposed direct loan and work-study funds. At another area office, the specialist replaced all direct loan funds proposed for Indian students for school years 1973 and 1974, totaling about $582,000.

The deputy administrator and the higher education assistance specialist at the Bureau's Resources Center said direct loans should be replaced whenever possible and work-study should be replaced for students having trouble with their studies. They added that the Bureau does not want to encumber students by having them take time away from their studies to work or have a large debt to repay after graduation. One Bureau educational specialist, responding to Indian students seeking Bureau funds, suggested they contact aid officers about the procedures for obtaining Office of Education supplemental grant funds. No mention was made of applying for direct loans or work-study.

The replacement policy may be encouraging some Indian students to submit late applications for Office of Education aid. According to a Bureau educational specialist, some Indian students have filed late aid applications hoping that only direct loan funds, which will eventually be replaced by Bureau grant funds, will be available.

Bureau educational specialists have replaced direct loan and work-study funds or discouraged Indian students from accepting such funds without knowing whether this is depriving other Indians of the opportunity to go to college. Funds could serve more students if some Indian students accepted direct loan and work-study funds to meet their needs. Using Office of Education funds would free additional Bureau funds, which could be provided to other Indian students. This matter could be serious considering that some Bureau officials believe a number of Indians are not applying for financial aid because they expect it to be denied.

The Bureau's replacement policy may also be depriving non-Indian students of a chance to receive financial aid. Replacement frees Office of Education direct loan and work-study funds that the aid officer can use to help other students, but replacement generally occurs well into the school year. It is possible that some non-Indian students who applied for Office of Education funds and were turned down because the funds were committed decided not to attend or continue school and cannot be helped with the funds released by replacement.

Proposed Office of Education regulations

Proposed regulations published in the Federal Register on March 7, 1975, would coordinate the Office of Education grant program with the Bureau's grant program for those Native Americans eligible for both types of assistance. Similar regulations will also be proposed for the Office of Education's direct loan and work-study programs.

The regulations state that, when initially preparing aid packages, aid officers are not to consider any Bureau grant which an Indian student has received or is expected to receive. Any Bureau grant received by the student is to be supplementary to the aid received from other resources and not adjusted unless the student's need is exceeded. If aid from all sources, including the Bureau's grant, exceeds a student's need, the aid officer would then reduce one or more of the Office of Education's components of the financial aid package. Reductions would first be made in direct loans, next in work-study, and finally in the Office of Education supplemental grant, if any.

The proposed regulations will in effect enable educational specialists to choose from two options when meeting the remaining needs of Indian students. Under the first option Bureau funds will be used to supplement Office of Education funds. For example, if Office of Education funds meet 85 percent of an Indian student's needs then Bureau funds would satisfy the remaining 15 percent. The second option would enable the Bureau to use its grant funds to develop a package exceeding the Indian student's need, with the excess Bureau funds replacing Office of Education financial assistance. Under the second option, the Bureau could become the primary source of funds for Indian students, as it has under existing practices.

Whether regulations are issued in final form will depend upon the Office of Education's analysis of comments from the financial aid community and Indian organizations. Comments were received from 29 such groups. Seventeen

opposed the proposed regulations. The 12 concurring with the proposed regulations favored their adoption because Bureau funds are to be considered supplementary.

The Commissioner of Indian Affairs expressed support for the proposed regulations, stating that the Indian community has suffered because many Indian students were denied the full benefits of assistance available to other citizens. He said the proposed rules clearly indicate that Bureau assistance funds are appropriated not to supplant, but to supplement other assistance programs to meet the special needs of the Indian community.

Some Indian organizations objected to the proposed regulations because they believed the Bureau has the primary responsibility for funding the education of Indian students; some aid officers objected because they believed that Indian students will receive preferential treatment. The aid officers also objected to the Government dictating the method of reducing student aid awards without regard to individual circumstances. The following paragraphs are drawn from the comments opposing the proposed regulations.

--An aid officer stated that the proposed regulations do not promote equal treatment of students of like circumstances and indicated needs because a student may be required to accept a loan and work-study along with a grant while another student could conceivably receive total gift aid. He added that in the case of institutions with many eligible Bureau recipients, final determination of student aid could be delayed by repackaging. He suggested that possibly Bureau funds should be made available to or set aside for each institution based on projected Bureau eligible students matriculating there.

--Another aid officer said the purpose of the proposed regulations is to permit a specific ethnic group to attend institutions of higher education with full grant assistance and not require any self-help in the form of loan or work-study assistance. He added that such a policy seems to be discriminatory in that other students with financial need are required to accept self-help.

--A third aid officer cited past experience with Bureau and tribal award dates indicating that most repackaging will release funds too late to assist other students in meeting registration dates. A fourth stated that repackaging will delay awards and confuse students because the amounts and types of assistance included in the

institution's initial aid package will have to be altered when total funds exceed need.

--An Indian organization took issue with the policy that the Bureau's grant is intended to be supplemental to all forms of aid because Indian people have been accorded the right to a free education through treaties and agreements with the United States Government, which has the responsibility to see that this right is not violated. Therefore, Bureau grants should be the primary source of Indian educational funds.

--Another Indian organization stated that if the Bureau is looked upon as a secondary funding source they may no longer receive sufficient funds to carry out higher education programs and added that current funding of Indian students is not adequate. Eventual cutbacks in the Bureau's grant program could result in it becoming nonexistent.

--A superintendent of schools expressed concern that the proposed amendment will legitimatize the controversial concept that Bureau educational grants are supplemental to awards made under other programs administered by institutions of higher learning. He felt that if the present trend of overlapping and duplicating programs continues, it will be to the detriment of Indian people and recommended that all financial assistance for higher education be channeled through the Bureau and preferably be administered by Indian people.

The proposed regulations provide guidance to aid offices when developing financial aid packages for Indian students. However, the amount and composition of Office of Education institution-based assistance received by Indian students might not be significantly changed from what it is now if (1) the Bureau's educational specialists continue to negotiate aid packages and replace Office of Education funds with Bureau funds and (2) Indian students continue to submit late financial aid applications.

CONCLUSIONS

Problems have arisen in developing financial aid packages for Indians because of the lack of Office of Education and Bureau guidance. The proposed Office of Education regulations, if issued in final form, may help somewhat, but problems will still exist because of differing viewpoints on the treatment

of Bureau funds. Without uniform guidance, inequities in the composition of aid packages may occur among both Indian and non-Indian students. The Office of Education and the Bureau, in conjunction with appropriate congressional committees, will have to develop solutions to the existing problems of delivering financial aid to Indian students.

The Bureau could act on its own to help solve the problems related to its program. Some Bureau educational specialists have not adhered to the supplementary principle when committing Bureau grant funds, and some Indian tribes and organizations believe that the Bureau should have the primary responsibility for funding Indian students. The Bureau should assure that all its educational specialists, Indian tribes, and organizations administering Bureau grant funds are aware that the Bureau considers such funds as supplementary to all other aveunes of aid open to Indian students.

If Indian students submit late applications for Office of Education aid, they greatly reduce their chances of obtaining such aid. The Bureau, through its educational specialists, should attempt to reverse the existing trend of late applications.

RECOMMENDATION TO THE SECRETARY OF THE INTERIOR

We recommend that the Secretary require that:

--The Bureau inform all those responsible for providing Bureau grants to Indian students that Bureau policy is that such grants are to be supplementary to all other sources of financial aid.

--Bureau educational specialists take actions to see that Indian students apply on time for Office of Education aid. These actions could include a renewed effort to make high school counseling more effective, and contacts with Indian students on campus to help them apply for Office of Education aid.

MATTERS FOR CONSIDERATION BY THE COMMITTEE

In implementing its scholarship grant program, the Bureau has usually altered the composition of Indian students' aid packages by replacing Office of Education loan and work-study assistance with its grant funds, primarily because the Bureau has preferred grant funds for Indian students. The Bureau has thus become the primary funding source for many Indian students. The proposed Office of Education regulations would require replacing its funds with Bureau funds when Indian

students' needs are exceeded. Replacement does not appear to be in keeping with the Bureau's position that its funds are to supplement, not supplant other sources of aid.

The Committee should define how the Bureau's supplementary concept is to be applied when developing aid packages for Indian students--should Bureau funds be used only to meet the remaining needs of Indian students, or should the Bureau be allowed to replace office of Education direct loan and work-study financial assistance with its grant funds? If the committee decides that replacement should be a part of the supplementary principle, then it should direct the Bureau to determine whether such replacement, at the existing funding level for Bureau grants, prevents some Indian students from attending college for lack of Bureau funds.

As requested by your office, formal comments were not obtained from Office of Education or Bureau officials. We have, however, discussed our observations with them and considered their comments.

As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House and Senate Committees on Governmental Operations not later than 60 days after the date of the report, and the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report. We will be in touch with your office in the near future to arrange for distribution of this report to the Secretaries and the four Committees to set in motion the requirements of section 236.

Sincerely yours,

Elmer B. Staats

Elmer B. Staats
Comptroller General
of the United States

DETERMINATION OF NEED AND

OFFICE OF EDUCATION ASSISTANCE PROGRAMS

NEED ANALYSIS

The basic premise of all Federal student aid programs is that the primary responsibility of paying for postsecondary education is that of the student and his or her family. Therefore, an assessment must be made of a family's ability to meet these costs. This assessment is referred to as need analysis. There are some 600 methods of need analysis approved by the Office of Education.

A financial aid officer's task is to meet the financial need of each student with the various resources available to him. Since student need, in many cases, exceeds the amount of resources available at institutions, determining an individual student's ability to pay for postsecondary education is just one factor in distributing financial aid resources. To determine the amount and type of assistance which can be offered to each student, the aid officer must have both an indicator of the financial strength of a student and his or her family and a budget for each student. This budget will usually include tuition, fees, room, board, books, supplies, and miscellaneous expenses. Some schools apply an average budget to all students, while others prefer to design a budget for each student or for various categories of students, such as married, out-of-State, or commuting students.

A student's financial need is the difference between the cost of postsecondary education and his or her family's ability to pay. To meet each student's need, the aid officer may develop a financial aid package, consisting of several types of assistance obtained through Federal and State programs, private and institutional scholarships, loans, and grants.

OFFICE OF EDUCATION INSTITUTION-BASED PROGRAMS

Three Office of Education programs, the College Work-Study (work-study), the National Direct Student Loan (direct loan), and the Supplemental Educational Opportunity Grant (supplemental grant) program are administered by institution aid officers. In fiscal year 1974 approximately $766 million was appropriated for these programs, including $270 million for work-study, $286 million for direct loans to be used with the institutions' matching share and loan collections from previous years, and $210 million for supplemental grants.

Work-study

This program provides employment opportunities to assist students enrolled in participating institutions on at least a half-time basis to earn the funds necessary to meet the costs of postsecondary education. Eligibility is restricted to students with the "greatest need" after considering all grant aid that the students are receiving.

Students who receive assistance through this program may not work more than 40 hours per week, and the total amount of aid received depends on both the number of hours of employment and the salaries. Students can work for the institution itself, or the school may arrange for off-campus employment with public or private, nonprofit organizations as long as this work is in the public interest. Schools operating for profit may not employ work-study students at the institution but instead must arrange off-campus jobs. The compensation paid to work-study recipients consists of Federal funds and funds from the employing organization (the institution or the off-campus employer). In no case can the Federal share of student compensation exceed 80 percent. The institution is responsible for arranging for the remaining portion of the compensation.

Direct loan

To receive direct loan assistance, students must be enrolled in participating institutions on at least a half-time basis and demonstrate financial need. The total direct loans made to an undergraduate student may not exceed $2,500 for the first 2 years, and the cumulative total may not exceed $5,000 for a bachelor's degree. The cumulative total for graduate or professional students may not exceed $10,000. The interest rate on a direct loan is 3 percent. Repayment of a direct loan begins 9 months after graduation and may be stretched over a 10-year period. Students who drop below half-time enrollment have to begin repaying their direct loans at that time.

Supplemental grant

To be eligible for supplemental grant assistance, a student must be enrolled in a participating institution on at least a half-time basis and demonstrate "exceptional financial need." In determining this need, the aid officer must take into account the student's expected family contribution based on the student's particular circumstances.

APPENDIX I

The minimum supplemental grant paid to a student is $200 per academic year. The maximum is $1,500 but in no case may a grant exceed more than one-half of the financial aid provided tne student through the institution. Supplemental grants must be matched by other sources of aid such as Basic Educational Opportunity Grants, work-study, direct loans, Bureau of Indian Affairs Grants, and State or private scholarships.